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Grain and Feed

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Report Highlights:

2002 rice production has been revised downward to 78 million tons reflecting preliminary government estimates. CY2002 rice exports revised upward to 6 million tons.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1], IN

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Kharif Grain Output Down 18 Percent

Preliminary data compiled by the Ministry of Agriculture from various states at the recently held Conference of Agriculture for *rabi* (winter) crop planning indicate an 18 percent decline in the *kharif* (fall harvested) grain production, which include mostly rice, coarse cereals, and pulses. The largest decline was in rice, which is estimated at 66.01 million tons, 13.35 million tons (17 percent) below the 2001 record production of 79.36 million tons and the lowest in nine years. Assuming a normal *rabi* rice output of around 12.0 million tons to be harvested in the spring of 2003, total 2002/03 rice production is estimated at 78.0 million tons, compared with 91.61 million tons in 2001/02.

Kharif season corn production is estimated at 9.86 million tons, down 1.55 million tons from the 2001/02 record production of 11.41 million tons. Adding a normal *rabi* season corn production of around 2 million tons, the 2002/03 total corn production is estimated at 12 million tons compared with 13.5 million tons in 2001/02. *Kharif* season sorghum production estimated at 3.89 million tons compared with 4.3 million tons last year. Assuming a normal *rabi* season output, total 2002/03 sorghum production is estimated at 8 million tons compared with 8.4 million tons in 2001/02. Millet production recorded the steepest decline (40 percent) at 6.9 million tons from 11.4 million tons in 2001/02 . Pulse production during the *kharif* season is estimated at 4.23 million tons compared with 5.1 million tons last year, which is likely to be offset by higher production in the *rabi* season.

Paddy Support Price Up

Although the GOI initially decided to maintain a status quo with regard to the minimum support price for paddy for the 2002/03 marketing year, political pressure from major rice surplus states and farmers' protests forced the government to back pedal its decision and increase the support price by rs. 200 (\$4.1) per ton. Rice farmers will receive rs. 5,500 (\$113) per ton for common varieties of paddy and rs. 5,800 (\$119) per ton for Grade A paddy during the 2002/03 (Oct-Sep) marketing year. Although farmers are not required to sell their paddy to the government at the support price, harvest prices normally fall below the support price in the major surplus states of Punjab and Haryana, prompting farmers to sell to the Food Corporation of India (FCI) or other government procurement agencies. However, the bulk of the government's procurement typically comes from millers who must sell a portion (ranging from 75 percent in Punjab and Haryana to 50 percent in Andhra Pradesh) of their milled production at a government established rate called the "levy price", linked to procurement price (support price) and milling costs. In view of the estimated steep decline in rice production and high export demand, it is likely that government rice procurement will decline significantly this year from the record procurement of 20.4 million tons in MY 2001/02.

Ban on Domestic Sales of Exportable Rice Postponed

In response to a strong representation from rice exporters, the government has decided to postpone its earlier decision requiring exporters to ship the entire quantity of rice they buy from the government at subsidized prices with no allowances for broken, till September 30. Earlier, exporters were selling broken rice derived from upgrading the quality of rice they buy from the government in the domestic market at higher prices and claiming additional allowance from the government for broken. The change

in the policy is likely to result in heavy lifting of rice for exports in September.

The monthly allocation of rice (non-basmati) for exports from government stocks in CY 2002 till July are shown below (in thousand metric tons):

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
186	346	290	579	854	559	813						3,627

Following continued high level of allocations in August and September (estimated at around 1.4 million tons), Jan-Sep export allocations are estimated at 5.0 million tons. However, on an average 10 percent (mostly broken) of the total allocated quantity is assumed to be diverted into the domestic market, which would make Jan-Sep actual exports to 4.5 million tons. Exports in the last quarter of CY 2002 are projected at around 0.9 million tons. Basmati rice exports in CY 2002 are estimated at 600,000 metric tons, which would take total CY 2002 exports to around 6.0 million tons. However, preliminary government trade statistics do not reflect such large exports. According to official statistics, rice exports in May, the latest month for which data are available, were 462,663 tons taking Jan-May exports to 1.67 million tons. Exports in June and July from the port of Kandla (the major rice exporting port) were 330,000 tons and 408,000 tons, respectively.

Government rice stocks on August 1 (the latest month for which data are available) were 20.1 million tons, 2.1 million tons below a year ago stocks. Reduced stocks, combined with likely lower procurement and higher domestic offtake might prompt the government to review its subsidized rice export policy and perhaps tighten the allocation of rice for exports. Consequently, CY 2003 rice exports are forecast at 3.0 million tons.

Table 1: Government Procurement, Stocks and Off take of Wheat (year ago)
(million metric tons)

	Stocks	Procurement Cumulative	Imports	Off take *
Aug 1, 2001	38.7(27.6)			0.8 (0.4)
Sep 1	37.9 (27.3)			1.1 (0.4)
Oct 1	36.8 (26.8)			1.3(0.4)
Nov 1	35.8 (26.5)			1.5(0.5)
Dec 1	34.0 (26.0)			1.5 (0.8)
Jan 1, 2002	32.4(25.0)			1.9 (0.9)
Feb 1	30.2 (24.1)			1.8 (0.9)
Mar 1	28.5 (23.3)	20.6 (16.4) 1/		1.7 (1.6)
Apr 1	26.0 (21.5)			1.0 (1.0)
May 1	38.1 (29.2)			1.2(1.0)
June 1	41.3 (37.6)			1.5 (0.8)
Jul 1	41.1 (37.5)			1.3 (0.7)
Aug 1	39.7 (38.7)	19.0 (20.6) 2/		

*** Includes exports**

1/ Cumulative procurement : April 1, 2001 - March 31, 2002

2/ Cumulative procurement April 1, 2002 - August 31, 2002

Table 2: Government Procurement, Stocks and Off take of Rice (year ago)
(million metric tons)

	Stocks	Procurement Cumulative	Imports	Off take *
Aug 1, 2001	22.2 (13.7)			1.1 (0.9)
Sep 1	21.6 (13.5)	19.1 (17.3) 1/		1.5 (0.9)
Oct 1	21.5 (13.2)			1.0 (0.7)
Nov 1	26.5 (18.0)			1.2 (0.8)
Dec 1	25.1 (19.5)			1.3 (0.7)
Jan 1, 2002	25.6 (20.7)			1.8 (0.9)
Feb 1	26.1 (22.4)			1.6 (0.8)
Mar 1	26.0 (23.2)			2.3 (1.0)
April 1	24.9 (23.2)			1.7 (0.7)
May 1	24.5 (22.9)			2.4 (0.8)
June 1	23.4 (22.9)			2.3 (0.8)
July 1	21.9 (22.7)			2.0 (0.9)
Aug 1	20.1 (22.2)	20.4 (19.1) 2/		

* Includes exports

1/ Cumulative procurement: October 1, 2000 - September 30, 2001

2/ Cumulative procurement: October 1, 2001 - August 31, 2002

Table 3: Commodity, Rice, Milled, PSD Table

PSD Table							
Country:	India						
Commodity:	Rice, Milled						
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2000		10/2001		10/2002	(MONTH/ YEAR)
Area Harvested	44,361	44,361	44,790	44,790	42,000	40,000	(1000 Hectares)
Beginning Stocks	17,716	17,716	25,051	25,051	23,000	23,000	(1000 MT)
Milled Production	84,871	84,871	91,600	91,600	78,000	78,000	(1000 MT)
Rough Production	127,319	127,319	137,414	137,414	117,012	117,012	(1000 MT)
Milling Rate(.9999)	6,666	6,666	6,666	6,666	6,666	6,666	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Imports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	102,587	102,587	116,651	116,651	101,000	101,000	(1000 MT)
TOTAL Exports	1,685	1,685	5,250	5,800	3,900	3,000	(1000 MT)
Jan-Dec Exports	1,936	1,936	5,500	6,000	4,000	3,000	(1000 MT)
TOTAL Dom. Consumption	75,851	75,851	88,401	87,851	83,100	83,500	(1000 MT)
Ending Stocks	25,051	25,051	23,000	23,000	14,000	14,500	(1000 MT)

Table 4: Commodity, Corn, PSD Table

PSD Table							
Country:	India						
Commodity:	Corn						
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/2000		11/2001		11/2002	(MONTH/ YEAR)
Area Harvested	6,557	6,557	6,400	6,870	6,550	6,200	(1000 Hectares)
Beginning Stocks	670	670	788	788	488	1,273	(1000 MT)
Production	12,068	12,068	11,500	13,510	11,000	12,000	(1000 MT)
TOTAL Mkt. Yr. Imports	50	50	100	0	300	300	(1000 MT)
Oct-Sep Imports	50	50	100	0	300	300	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	100	(1000 MT)
TOTAL SUPPLY	12,788	12,788	12,388	14,298	11,788	13,573	(1000 MT)
TOTAL Mkt. Yr. Exports	50	50	50	25	50	10	(1000 MT)
Oct-Sep Exports	50	50	50	25	50	10	(1000 MT)
Feed Dom. Consumption	5,150	5,150	5,100	5,600	4,700	5,600	(1000 MT)
TOTAL Dom. Consumption	11,950	11,950	11,850	13,000	11,500	13,000	(1000 MT)
Ending Stocks	788	788	488	1,273	238	563	(1000 MT)
TOTAL DISTRIBUTION	12,788	12,788	12,388	14,298	11,788	13,573	(1000 MT)

Table 5: Commodity, Sorghum, PSD Table

PSD Table							
Country:	India						
Commodity:	Sorghum						
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/2000		11/2001		11/2002	(MONTH/ YEAR)
Area Harvested	9,991	9,991	9,700	10,180	10,000	9,900	(1000 Hectares)
Beginning Stocks	130	130	130	130	130	220	(1000 MT)
Production	7,716	7,716	7,500	8,390	8,000	8,000	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	7,846	7,846	7,630	8,520	8,130	8,220	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	1,000	1,000	1,000	1,000	1,500	1,200	(1000 MT)
TOTAL Dom. Consumption	7,716	7,716	7,500	8,300	8,000	8,070	(1000 MT)
Ending Stocks	130	130	130	220	130	150	(1000 MT)
TOTAL DISTRIBUTION	7,846	7,846	7,630	8,520	8,130	8,220	(1000 MT)

Table 6: Commodity, Millet, PSD Table

PSD Table							
Country:	India						
Commodity:	Millet						
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/2000		11/2001		11/2002	(MONTH/ YEAR)
Area Harvested	13,025	13,025	12,000	12,000	12,000	12,000	(1000 Hectares)
Beginning Stocks	300	300	200	200	200	400	(1000 MT)
Production	10,400	10,400	10,500	11,350	10,000	6,900	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	10,700	10,700	10,700	11,550	10,200	7,300	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	900	900	900	900	900	700	(1000 MT)
TOTAL Dom. Consumption	10,500	10,500	10,500	11,150	10,000	7,200	(1000 MT)
Ending Stocks	200	200	200	400	200	100	(1000 MT)
TOTAL DISTRIBUTION	10,700	10,700	10,700	11,550	10,200	7,300	(1000 MT)